

**AGREEMENT
BETWEEN
INDIANA ECONOMIC DEVELOPMENT CORPORATION
AND
XTREME ADS LIMITED**

THIS AGREEMENT (this "Agreement") is made and entered into as of this 17th day of February, 2010, by and between the Indiana Economic Development Corporation (the "IEDC"), for and on behalf of the Indiana Twenty-First Century Research and Technology Fund (the "Fund"), and **Xtreme ADS Limited**, an Indiana corporation ("XADS").

RECITALS

WHEREAS, XADS has applied for an award from the Fund established and operating under Indiana Code § 5-28-16 *et seq.* (the "Act"), to assist XADS in financing the cost of performing, coordinating and supervising to completion the experiments, studies and/or commercialization plans (collectively, the "Project") as described in the Fund application and the research proposal previously submitted to the IEDC by XADS and XADS's Project abstract attached hereto as Schedule A, each of which is incorporated herein by reference and made a part of this Agreement; and

WHEREAS, on November 5, 2009, the Board of Directors of the IEDC, acting by and through its Entrepreneurship Committee, approved an award in the amount of One Million and 00/100 Dollars (\$1,000,000.00) from the Fund under the Act, on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, and subject to the following terms and conditions, the IEDC and XADS hereby agree as follows:

AGREEMENT

**ARTICLE I
AMOUNT AND TERMS OF THE AWARD**

A. Award Amount and Purpose. The IEDC agrees to award to XADS the amount of One Million and 00/100 Dollars (\$1,000,000.00) (the "Award"). The Award is being provided to XADS in exchange for, among other considerations, the completion of the Project.

B. Award Terms. The Award will be evidenced by, repayable in accordance with, and subject to the conditions of this Agreement.

C. Attorneys' Fees. XADS shall be responsible for paying, within [REDACTED] any bill forwarded to XADS by the IEDC for reasonable attorneys' fees incurred by the IEDC in connection with the negotiation of the terms of the Award and the preparation of this Agreement, [REDACTED]

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF XADS

To induce the IEDC to enter into this Agreement and to make the Award, XADS represents and warrants to the IEDC that:

A. XADS is a corporation duly organized and in existence in the State of Indiana. XADS's principal place of business is located in the State of Indiana. XADS affirms that it is properly registered with, and owes no outstanding reports to, the Indiana Secretary of State.

B. XADS has the full corporate power and authority to enter into this Agreement and to perform its obligations hereunder.

C. By all required action, the person signing on behalf of XADS has been duly authorized to execute and deliver this Agreement. The execution, delivery and performance of this Agreement by XADS is not in contravention of, will not result in or constitute a default under, or be in conflict with, the terms of any indenture, instrument, document, decree, order, judgment, statute, rule or governmental regulation applicable to XADS.

D. All information furnished by XADS to the IEDC or any persons representing the IEDC in connection with this Agreement is accurate and complete in all material respects as of this date.

E. XADS has not at any time failed to pay when due interest or principal on, and is not now in default of, any obligation or indebtedness of XADS.

F. The Award to XADS is permitted under the Act, and XADS represents and warrants to the IEDC that it is legally eligible to receive the Award.

G. Assuming the due authorization and execution of this Agreement by the IEDC and XADS, this instrument will constitute a legal, valid, and binding obligation of XADS, enforceable against it in accordance with its terms.

H. No litigation or proceeding of any governmental authority or any other person, firm or corporation is presently pending or, to the knowledge of XADS, threatened, which questions the validity of this Agreement or the transactions contemplated hereby or which might materially and adversely affect XADS's operations, financial condition or ability to perform any of its obligations under this Agreement.

I. XADS has not received notice and has no reasonable grounds to believe that it is in violation of any laws or orders that in any manner adversely and materially affect XADS's ability to perform its obligations under this Agreement.

J. No other approval, consent or authorization of any form is or will be required in connection with the execution and delivery by XADS of this Agreement or the Award evidenced thereby, except as indicated herein.

K. XADS certifies by entering into this Agreement that it is not presently in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana. Further, XADS agrees that any payments in arrears and currently due to the State of Indiana may be withheld from payments due to XADS.

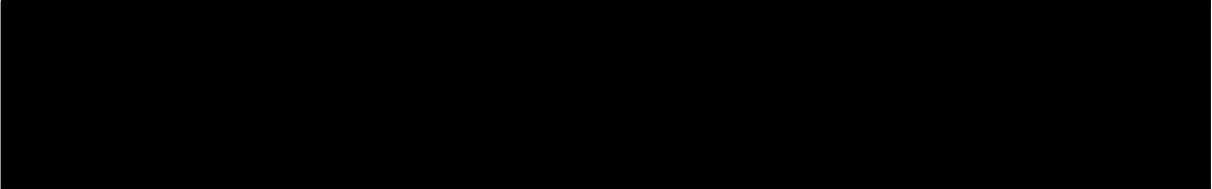
L. XADS warrants that it has no current or outstanding criminal, civil, or enforcement actions initiated by the State of Indiana pending and agrees that it will immediately notify the IEDC of any such actions.

M. XADS certifies, by entering into this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this Agreement by any federal agency or by any department, agency or political subdivision of the State of Indiana. The term "principal" for purposes of this Agreement means an officer, director, or shareholder of XADS. XADS certifies that it has verified the suspension and debarment status for it and its principals and acknowledges that it shall be solely responsible for any recoupments or penalties that might arise from non-compliance. XADS shall immediately notify the IEDC if any of its principals become debarred or suspended, and shall consent, at the IEDC's request, to the termination of this Agreement.

ARTICLE III COVENANTS OF XADS

XADS affirmatively covenants and agrees that, until repayment in full of the Award as required by Article VI and Article VII of this Agreement (the "Term of the Award") and the full performance of XADS's other obligations contained herein, except as otherwise provided herein or unless consented to in writing by the IEDC:

A. XADS shall use the Award proceeds only for the purposes described in Article I.A above. The Award proceeds may be held by XADS in the short term in interest bearing accounts until needed to pay the expenses of the Project. The Award proceeds are intended solely for use in paying expenses generated by the Project. XADS shall not use the Award proceeds as investments to generate significant amounts of interest.

B. 


C. Reporting Requirements.

- (i) XADS shall submit technical reports summarizing the science/technology, infrastructure, and business development resulting from the Project, including without limitation job creation and other indicators of economic impact, as well as leveraging results ("Technical Reports"); provided, however, that such Technical Reports need not include trade secrets or confidential proprietary data relating to XADS's intellectual property. To the extent related to the Project, XADS shall provide the IEDC with copies of any and all published patent applications, issued patents and copies of any publications and/or presentations issued during the applicable reporting period or, if preferred and approved by the IEDC, a summary of the foregoing. XADS shall submit Technical Reports to the IEDC by the dates set forth in Schedule A. A final Technical Report shall be due within ninety (90) days following the expiration or termination of this Agreement. In addition, XADS shall promptly submit any other technical information reasonably requested from time to time by the IEDC during the Term of the Award.
- (ii) XADS and its permitted subcontractors, if any, shall submit financial reports to the IEDC in the form and including the information required under the Fund's Standard Financial Report, as amended from time to time ("Financial Reports"). XADS shall submit Financial Reports to the IEDC by the dates set forth in Schedule A. A final Financial Report is due within ninety (90) days following the expiration or termination of this Agreement. In addition, XADS shall promptly submit any other financial information reasonably requested from time to time by the IEDC during the Term of the Award.

D. Accounting Guidelines; Access to Records, Audit and Site Visits.

- (i) XADS and its permitted subcontractors, if any, shall maintain all books, documents, papers, accounting records, and other evidence pertaining to costs incurred under the Project ("Records"), for inspection by the IEDC or by any of its respective authorized representatives, and reasonable requests for copies thereof shall be furnished to the IEDC if requested. XADS and its permitted subcontractors, if any, shall make all Records available at their respective offices at all reasonable times during the Term of the Award and for three (3) years from the expiration or termination of this Agreement or until a state or federal audit has been completed and all audit exceptions cleared, whichever occurs first.
- (ii) The IEDC and its authorized representatives shall have the right, at all reasonable times, to make site visits to: (1) review Project accomplishments and to confer

with the principals of XADS and its permitted subcontractors, if any; (2) to audit Records and management control systems; and (3) to provide such technical assistance as may be required. If any site visit is made on the premises of XADS or any subcontractor, XADS shall provide and shall require its subcontractors, if any, to provide all reasonable facilities and assistance for the safety and convenience of the IEDC or its representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner that will not unduly delay work on the Project. XADS will be given at least one (1) week prior notice before any site visit.

- (iii) XADS shall establish administrative and cost allocation standards to enable XADS to appropriately account for the expenditure of the Award proceeds consistent with the IEDC's guidelines, and if applicable or advisable, regulations or guidelines applicable to funding awards made by other public or private entities, for the purpose of qualifying XADS for additional funding from other sources. The IEDC may conduct at its expense at least one (1) review of XADS's procedures and accounting standards through an independent accounting firm selected by the IEDC. XADS may also be subject to at least one (1) and no more than two (2) financial reviews during the Term of the Award regarding the use of the Award proceeds (an "Audit") to ensure compliance with the terms of this Agreement. Each Audit may be conducted by an independent accounting firm selected by the IEDC and, if conducted, shall be done so at the IEDC's expense.

E. XADS shall promptly give the IEDC written notice of: (i) any Event of Default (as defined in Article VIII) by XADS, together with a written statement of the action being taken by XADS to remedy such Event of Default; (ii) any litigation or proceeding before any court or governmental authority which, if adversely determined, might materially and adversely affect XADS's operations, financial condition or ability to perform any of its obligations under this Agreement; or (iii) any changes, amendments, or modifications to existing contracts, or agreements that materially and adversely affect XADS's operations, financial conditions or ability to perform any of its obligations under this Agreement.

F. XADS shall, upon reasonable request of the IEDC, duly execute and deliver to the IEDC such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the IEDC to carry out more effectively the provisions and purposes of this Agreement.

G. Compliance with Laws.

- (i) XADS shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. XADS's acknowledgements, certifications, representations, warranties and agreements set forth in this

Agreement shall in no way limit the generality of the foregoing. The enactment of any state or federal statute or the promulgation of rules or regulations hereunder after execution of this Agreement shall be reviewed by the IEDC and XADS to determine whether the provisions of this Agreement require formal modification.

- (ii) XADS and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the IEDC, as set forth in Indiana Code §4-2-6 *et seq.*, Indiana Code §4-2-7 *et seq.*, the regulations promulgated thereunder, Executive Order 04-08, dated April 27, 2004, Executive Order 05-12, dated January 10, 2005, and 25 Indiana Administrative Code 6, effective January 1, 2006. If XADS, or any of its agents, are not familiar with these ethical requirements, they should refer any questions to the State Ethics Commission, or visit the State Ethics Commission website at <http://www.in.gov/ethics/>. If XADS or any of its agents violate any applicable ethical standards, the IEDC may, in its sole discretion, terminate this Agreement immediately upon notice to XADS. In addition, XADS may be subject to penalties under Indiana Code § 4-2-6-12.
- (iii) XADS shall obtain and maintain all required material permits, licenses, and approvals, as well as comply with all material health, safety, and environmental statutes, rules, or regulations for its operations as may be required by any federal, state, local, or other governing and/or regulating body. Failure to do so may be deemed a material breach of this Agreement and grounds for immediate termination and denial of further rights to contract with the IEDC.
- (iv) XADS agrees that the IEDC may confirm, at any time, that no liabilities exist to the IEDC (other than any obligation under this Agreement), and, if such liabilities are discovered, that IEDC may bar XADS from contracting with the IEDC and the State of Indiana in the future, cancel existing contracts, withhold payments to setoff such obligations, and withhold further payments or purchases until XADS is current in its payments on its liability to the IEDC and has submitted proof of such payment to the IEDC.
- (v) As required by Indiana Code § 5-22-3-7:
 - a. XADS, and its principals, certify that (1) XADS, except for de minimis and nonsystematic violations, has not violated the terms of (A) Indiana Code § 24-4.7 [Telephone Solicitation Of Consumers], (B) Indiana Code § 24-5-12 [Telephone Solicitations], or (B) Indiana Code § 24-5-14 [Regulation of Automatic Dialing Machines] in the previous 365 days, even if Indiana Code § 24-4.7 is preempted by federal law; and (2) XADS will not violate the terms of Indiana Code § 24-4.7 for the duration of this Agreement, even if Indiana Code § 24-4.7 is preempted by federal law.

- b. XADS certifies that, except for de minimis and nonsystematic violations, neither it nor any of its affiliates or principals and agents have violated in the previous 365 days, or will violate for the duration of this Agreement, the terms of Indiana Code § 24-4.7, even if Indiana Code § 24-4.7 is preempted by federal law.

H. Conflict of Interest.

- (i) As used in this section:

“Immediate Family” means the spouse and the unemancipated children of an individual.

“Interested Party” means:

- a. The individual executing this Agreement on behalf of XADS;
- b. An individual who has an interest of one percent (1%) or more of XADS, if XADS is not an individual; or
- c. Any member of the Immediate Family of an individual specified under the foregoing subdivision a or b.

“Commission” means the Indiana State Ethics Commission.

- (ii) The IEDC may cancel this Agreement without recourse to XADS if any Interested Party is an employee of the IEDC.
- (iii) The IEDC will not exercise its right of cancellation under subpart (ii), immediately above, if XADS gives the IEDC an opinion by the Commission indicating that the existence of this Agreement and the employment by the IEDC of the Interested Party does not violate any statute or rule relating to ethical conduct of IEDC employees. The IEDC may take action, including cancellation of this Agreement, consistent with an opinion of the Commission obtained under this section.
- (iv) XADS has an affirmative obligation under this Agreement to disclose to the IEDC when an Interested Party is or becomes an employee of the IEDC. The obligation under this section extends only to those facts that XADS knows or reasonably could know.

I. Drug-Free Workplace Certification. XADS hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. XADS will give written notice to the IEDC within ten (10) days after receiving actual notice that XADS or an employee of XADS has been convicted of a criminal drug violation occurring in XADS’s workplace.

False certification or violation of the certification may result in sanctions including, but not limited to, suspension of Award payments, termination of the Award and/or debarment of funding and other contract opportunities with the IEDC for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total amount set forth in this Agreement is in excess of \$25,000, XADS hereby further agrees that this Agreement is expressly subject to the terms, conditions and representations of the following certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all contracts with the State of Indiana in excess of \$25,000. No contract, the total amount of which exceeds \$25,000, shall be made or be valid unless and until this certification has been fully executed by XADS and made a part of the Award as part of this Agreement.

XADS certifies and agrees that it will provide a drug-free workplace by:

- (i) Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in XADS's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
- (ii) Informing its employees of (a) the dangers of drug abuse in the workplace; (b) XADS's policy of maintaining a drug-free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
- (iii) Notifying all employees in the statement required by subparagraph (i) above that as a condition of continued employment the employee will (a) abide by the terms of the statement; and (b) notify XADS in writing of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) calendar days after such conviction;
- (iv) Notifying in writing the IEDC within ten (10) calendar days after receiving notice from an employee under subdivision (iii)(b) above or otherwise receiving actual notice of such conviction;
- (v) Within thirty (30) days after receiving notice under subdivision (iii)(b) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug

abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and

- (vi) Making a good faith effort to continue to maintain a drug-free workplace through the implementation of subparagraphs (i) through (v) above.

J. Discrimination Prohibited. Pursuant to Indiana Code § 22-9-1-10, the Age Discrimination in Employment Act, the Americans with Disabilities Act, and the Civil Rights Act of 1964, XADS shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to the employee's or applicant's hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee's or applicant's race, color, religion, sex, disability, national origin or ancestry. Acceptance of this Agreement also signifies compliance with applicable federal laws, regulations and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran. Breach of one or both of these covenants may be regarded as a material breach of this Agreement.

K. XADS shall indemnify, defend, and hold harmless the IEDC and the State of Indiana and their respective agents, officers, employees and representatives from all claims and suits for damages or loss or damage to property, including the loss of use thereof, and injuries to or death of persons, including without limitation any officers, agents, employees and representatives of XADS or its contractors, and from all judgments recovered therefor and for expenses in defending any such claims or suits, including court costs, attorneys' fees, and for any other expenses caused by an act or omission of XADS or its grantees, contractors, agents, officers or employees in connection with performance of this Agreement or in the operation of the Project. IEDC shall not provide such indemnity to XADS.

L. XADS covenants and agrees to do the following: (i) XADS shall use commercially reasonable efforts to explore opportunities for any desired private funding of XADS with capital providers located in the State of Indiana; and (ii) XADS shall use commercially reasonable efforts to spend all of the Award funds disbursed to it pursuant to this Agreement with individuals residing and entities domiciled within the State of Indiana.

M. Title to any and all equipment purchased or fabricated with Award funds shall be purchased for use in the Project. XADS will assure that each purchase of equipment purchased or fabricated with Award funds is: (i) necessary for the research or activity supported by the Award; (ii) made because such equipment is not otherwise reasonably available and accessible on commercially reasonable terms without purchase; and (iii) acquired in the ordinary course of XADS's business.

N. All presentations and publications made by XADS regarding the results of the Project shall be made in a commercially reasonable, prudent manner so as to protect any

intellectual property or other confidential or proprietary information of XADS. Further, XADS shall use commercially reasonable efforts to acknowledge Fund support in any publication (including, without limitation, World Wide Web pages) of any material based on or developed under the Project, and during all news media interviews, including popular media such as radio, television and news magazines.

O. XADS recognizes that the publication of results and the commercialization of innovative technology developed with Award funds received from the Fund are of fundamental importance to the IEDC and the State of Indiana. XADS agrees to diligently pursue the commercialization of any patented technology and/or copyrightable works produced under this Agreement. Further, XADS recognizes that the Fund's primary objectives are to support proposals for economic development which are likely to: (i) increase the success of Indiana institutions of higher education, Indiana businesses and Indiana nonprofit corporations and organizations in securing research funding; (ii) transfer research and technologies into marketable products; (iii) assist with diversifying Indiana's economy by focusing investment in targeted industry clusters requiring high skill, high wage workers; and (iv) encourage an environment of innovation and cooperation among universities and businesses to promote research activity. XADS agrees that all activities supported with Award funds will further efforts toward accomplishing one or more of these objectives.

P. Prior Approval Requirements. XADS is required to obtain prior written approval from the IEDC whenever there are significant changes in the Project or in its direction, as follows:

- (i) The IEDC intends to provide flexibility to XADS in the pursuit of its technology development/commercialization goals. However, a proposed change in the phenomenon or phenomena under study or the objectives of the Project must be communicated in writing to the IEDC by XADS along with a request for modification of the Project. Approval by the IEDC of any such changes to the Project, if granted, must be memorialized by a written amendment to this Agreement signed by both parties hereto.
- (ii) The Project shall be performed under the direction of [REDACTED] (the "Principal"). If the Principal plans to or becomes aware that he will: (1) devote substantially less effort to the Project than anticipated in the application previously submitted to the Fund (defined as a reduction of 25% or more in time); (2) sever his connection with XADS; or (3) be absent for a continuous period of three (3) months or more, or otherwise relinquish active direction of the Project, he and/or XADS shall, in writing, advise the IEDC of such circumstance. In the event of an occurrence of any of the foregoing circumstances, the parties hereto agree to attempt to identify and secure a mutually acceptable substitute for the Principal. In the event the parties are unable to identify and/or agree upon a mutually acceptable substitute

within a time frame established by the IEDC in its sole discretion, an Event of Default shall have occurred under this Agreement.

ARTICLE IV CONVENANTS OF THE IEDC

Subject to XADS's fulfillment of the terms and conditions set forth in this Agreement, the IEDC shall: (A) pay the amount of One Million and 00/100 Dollars (\$1,000,000.00) to XADS upon the execution of this Agreement in accordance with the terms hereof; (B) receive payments on the Award from XADS as set forth herein; and (C) maintain records of all payments received from XADS.

ARTICLE V CLOSING DELIVERIES; CONDITIONS TO THE AWARD

A. Closing Deliveries. XADS agrees to furnish to the IEDC, at or prior to the closing of this Agreement, in form and substance reasonably satisfactory to the IEDC:

- (i) the Agreement, duly executed by XADS;
- (ii) copies of the Articles of Incorporation and By-laws of XADS;
- (iii) copies of resolutions of XADS evidencing approval of the transactions contemplated hereunder;
- (iv) an Officer's Certificate, dated the date hereof, certifying that the conditions specified in Sections B(i) and B(ii) have been fulfilled to the best of such officer's knowledge; and
- (v) such other documents and instruments as the IEDC may reasonably require.

B. Conditions. In addition to providing to the IEDC the closing deliveries required by Section A of this Article V in a form satisfactory to the IEDC, the IEDC's obligation to make the Award hereunder on the date hereof is subject to the fulfillment to the IEDC's reasonable satisfaction of the following conditions:

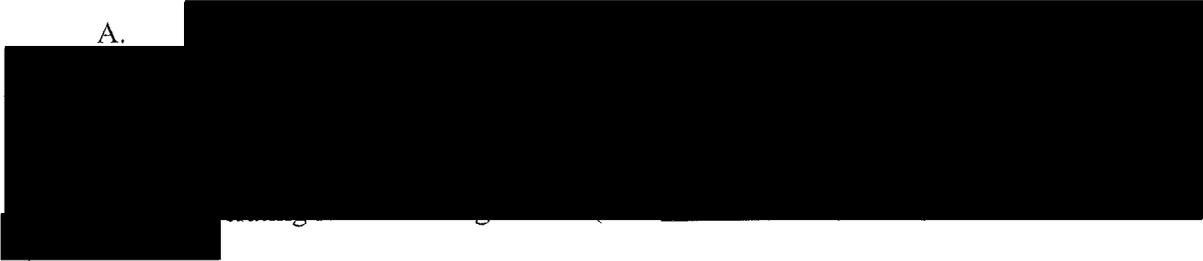
- (i) Representations and Warranties. The representations and warranties of XADS in this Agreement shall be true and correct at the time of XADS's execution of this Agreement.
- (ii) Performance; No Default. XADS shall have performed and complied with all agreements and conditions in this Agreement required to be performed or complied with by it prior to or at the time of XADS's execution of this Agreement and, after giving effect to the Award (and the application of the proceeds thereof

as provided herein), no Default or Event of Default (as defined below) shall have occurred and be continuing.

- (iii) Proceedings and Documents. A copy of any other documents and instruments required to be executed in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory to the IEDC, and the IEDC and its counsel shall have received all such counterpart originals or certified or other copies of such documents as the IEDC may reasonably request.
- (iv) Fulfilling State Conditions. XADS acknowledges that the IEDC is a body corporate and politic of the State of Indiana and that all disbursements must abide by the requirements of the Indiana State Budget Agency and the Indiana State Auditor's Office and that the IEDC may not disburse funds under this Agreement unless XADS meets the state guidelines applicable to such requests.

Further, the parties agree that if the Director of the Indiana State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support the Award, XADS is entitled to no disbursements under this Agreement. A determination by the Budget Director that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive; provided, however, that XADS shall be relieved of its obligations under Article VI and Article VII of this Agreement only to such extent that the full amount of the Award is not appropriated or otherwise made available to XADS as provided hereunder.

ARTICLE VI REPAYMENT OBLIGATIONS OF XADS

A. 

B. In addition to XADS's payment obligations set forth in Article VI.A., XADS shall make full payment to the IEDC in one of the following amounts (each, a "Retirement Payment") by the corresponding date (each, a "Retirement Date"), less the aggregate of any and all amounts paid by XADS to the IEDC under Article VI.A. prior to the payment of the Retirement Payment to the IEDC by XADS, as follows:

REDACTED

A payment of one of the foregoing Retirement Payments by the corresponding Retirement Date shall extinguish any and all of XADS's repayment obligations under this Agreement except upon the occurrence of (i) a Transaction as set forth in Article VII or (ii) an Event of Default as set forth in Article VIII.

C. [REDACTED]

D. XADS acknowledges and agrees that, except as specifically provided in Article VII, the payments required by this Article VI shall not affect XADS's obligations under Article VII.

E. XADS may choose, in its sole discretion, to accelerate its repayment obligations under this Agreement. Any payments made by XADS in addition to Net Proceeds payments shall serve to further reduce the amount owed by XADS to the IEDC with respect to each Retirement Payment by the corresponding Retirement Date.

F. The obligation of XADS to make the payment(s) set forth in this Article VI (and Article VII hereof) shall be absolute and unconditional without any defense or right of setoff, counterclaim, or recoupment out of any indebtedness or liability at any time owing to XADS by the IEDC or for any other reason.

G. XADS hereby waives diligence, demand for payment, presentment for payment, notice of nonpayment, protest, notice of dishonor, notice of protest, and any and all other notices

or demands in enforcement of this Agreement. All amounts payable hereunder shall be payable without relief from any applicable valuation or appraisal laws.

H. All payments hereunder shall be made in lawful money of the United States of America by check sent to the Indiana Economic Development Corporation, One North Capitol Avenue, Suite 700, Indianapolis, Indiana, 46204, or at such other place as the IEDC may designate from time to time. If any payment shall become due on a Saturday, Sunday or any other day during which the State of Indiana is not open for public business, then such payment shall be made on the succeeding business day at such office with the same effect as if made on the due date.

ARTICLE VII TRANSACTION

In the event of any "Transaction" (as defined below) at any time following the execution of this Agreement by both parties hereto, whether or not XADS has made a Retirement Payment to the IEDC under Article VI hereof, then as a condition to entering into any binding agreement, arrangement or understanding with respect to such Transaction, XADS shall be obligated to pay to the IEDC an amount up to


provided, however, that the payment obligation of XADS under this Article VII shall be based on and limited by the following caps and schedule:

A. Within three (3) days following the date of closing of a Transaction (a "Closing"), XADS shall pay to the IEDC:

i. 

plus

ii. An amount equal to

REDACTED

REDACTED

less

- iii. The aggregate of all amounts paid by XADS to the IEDC under Article VI of this Agreement prior to a Closing.

B. Payments made by XADS in accordance with the requirements of this Article VII shall extinguish XADS's repayment obligations under this Agreement.

C. For the purposes of this Agreement, a "Transaction" shall mean the closing of the first to occur of: (a) the sale of all or substantially all of the assets of XADS, in one transaction or a series of related transactions; (b) a closing of the sale of shares of XADS's capital stock to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended (an "Initial Public Offering"); or (c) any transaction or series of related transactions (including, without limitation, a merger or consolidation, recapitalization, reorganization or sale of equity interests) pursuant to which the holders of XADS's outstanding voting equity interests immediately prior to the closing of such transaction(s) hold less than a majority of the outstanding voting equity interests of the successor or surviving entity immediately after the closing of such transaction(s). Notwithstanding the foregoing, a transaction (or series of transactions) other than an Initial Public Offering, undertaken for the purposes of raising working capital or for sustaining or expansion of XADS's business (e.g., a raise of venture capital from angel investors, institutional investors or venture capital firms, or other debt or equity transactions undertaken for purposes other than the sale of XADS) shall not be considered a "Transaction" for purposes of this Agreement.

ARTICLE VIII EVENTS OF DEFAULT BY XADS

During the Term of the Award, each of the following shall constitute a separate event of default ("Event of Default") by XADS:

A. XADS, its shareholders, or any affiliate, subsidiary or related entity or partnership, determines to, or otherwise:

- (i) effects the location of operations of XADS outside the State of Indiana;

- (ii) moves the Project outside of the State of Indiana;
- (iii) establishes (or subsequently moves) any business operation resulting from, or arising out of, the Project (other than clinical trials or collaboration or licensing arrangements with third parties), including without limitation a manufacturing operation or a contract for manufacturing, in any location outside the State of Indiana, unless, with respect to outsourced activities, XADS receives the advance written consent of the IEDC to undertake such activity outside the State of Indiana and establishes to the reasonable satisfaction of the IEDC that the service cannot be obtained within the State of Indiana on commercially reasonable terms; or
- (iv) pays more than fifty percent (50%) of the aggregate amount of all salaries, wages and benefits (and similar compensation) paid by it for non-service, non-support, non-sales personnel during any calendar year to persons other than full-time residents of the State of Indiana.

B. XADS fails to make any payment required under Article VI or Article VII which is due under the terms of this Agreement within [REDACTED] of that payment's due date.

C. Any representation or warranty made by XADS in Article II, or otherwise furnished in writing in connection with this Agreement, is found to be false in any material respect.

D. XADS materially violates any one or more covenants contained in Article III to be performed by XADS and such violations have not been remedied within [REDACTED] of the date that written notice of the violation was delivered to XADS from the IEDC.

E. XADS does not pay principal and interest on any other indebtedness or borrowed money in excess of [REDACTED] when due, and the holder of such obligation declares such obligation due prior to its date of maturity because of default. However, the IEDC may excuse this event if XADS contests the declaration of default by appropriate legal proceedings and demonstrates to the satisfaction of the IEDC in its sole reasonable discretion of XADS's likelihood of success. The IEDC may also excuse the event if XADS has furnished bond or surety with regard to the proceedings which the IEDC determines is satisfactory.

F. Any judgment is rendered against XADS in excess of [REDACTED] [REDACTED] that is not satisfied within [REDACTED] after the time limits available for all appeals of that judgment have expired. The IEDC may excuse the event if XADS has furnished bond or surety with regard to the proceedings, which the IEDC determines is satisfactory in its sole reasonable discretion.

G. XADS applies to any court for the appointment of a trustee or receiver of any substantial part of the assets of the same or commences any proceedings relating to any of the same under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or other liquidation law of any jurisdiction.

H. Any application is filed or proceedings are commenced as described in subparagraph (G) above against XADS and XADS indicates its approval, consent or acquiescence, or an order is entered appointing a trustee or receiver or adjudication of any of the same as a bankrupt or an insolvent or approving the petition in any such proceedings and such proceedings are not dismissed within sixty (60) days after the filing or commencement of such proceedings.

I. Any order is entered in any proceedings against XADS to create a dissolution or split up of XADS, unless XADS is attempting to appeal the same.

J. Dissolution, merger, consolidation, or transfer of a substantial portion of the property of XADS occurs, unless to an entity controlled by, or in common control with, XADS.

K. XADS or one of its principals, as such term is defined in Section II.M. of this Agreement, is debarred or suspended by a federal agency or by a department, agency or a political subdivision of the State of Indiana.

If an Event of Default occurs under any of A. through D. of this Article VIII, XADS shall be obligated to pay to the IEDC the amount of [REDACTED] less the aggregate of any and all amounts paid by XADS to the IEDC under Article VI of this Agreement, and such obligation of XADS to repay the Award as provided in this paragraph may at the IEDC's option become due and payable upon [REDACTED] of such Event of Default and the IEDC may exercise from time to time any rights and remedies available to the IEDC, including but not limited to the rights and remedies available under this Agreement. The payment by XADS of the amount required upon an Event of Default under any of A. through D. of this Article VIII shall extinguish XADS's repayment obligations under this Agreement.

If an Event of Default occurs under any of E. through K. of this Article VIII, XADS shall be obligated to pay to the IEDC the amount of the Retirement Payment based on the Retirement Date which follows the date of the Event of Default, less the aggregate of any and all amounts paid by XADS to the IEDC under Article VI of this Agreement, and such obligation of XADS to repay the Award as provided in this paragraph may at the IEDC's option and without notice or demand become immediately due and payable of such Event of Default and the IEDC may exercise from time to time any rights and remedies available to the IEDC, including but not limited to the rights and remedies available under this Agreement. The payment by XADS of the amount required upon an Event of Default under any of E. through K. of this Article VIII shall not limit XADS's repayment obligations under Article VII of this Agreement.

No failure on the part of the IEDC to exercise any of the IEDC's rights at law or in equity, or under this Agreement, shall be deemed a waiver of any such rights or of any default. The parties acknowledge that the terms of this Article VIII are reasonable in light of the nature of this Agreement, the amount of the Award considering the circumstances, the uncertainty related to the successful completion of the Project, and the IEDC's objective to encourage the development of new technologies that will result in economic growth and job opportunities in the State of Indiana.

ARTICLE IX REMEDIES

A. If any Event of Default occurs under Article VIII above and is not expressly waived by the IEDC in writing, all amounts payable under this Agreement, including penalties, if any, immediately become due and payable as set forth in this Agreement with no need for presentment, demand protest or further notice.

B. In addition to the foregoing, the IEDC may exercise any rights and remedies available under law to remedy an Event of Default or collect such amounts due, including but not limited to pursuing its rights and remedies under this Agreement.

C. XADS agrees to pay all reasonable costs of collection incurred by the IEDC in case an Event of Default occurs under this Agreement. Said costs shall include, without limitation, all reasonable expenses, court costs and attorneys' fees, whether involving the Office of the Attorney General or a private attorney.

ARTICLE X GENERAL PROVISIONS

A. This Agreement and all other matters relating to the transaction covered herein shall be governed by and construed in accordance with the laws of the State of Indiana and any suit related to this Agreement or other matters related to the transaction covered herein must be brought in Indiana and XADS consents to personal jurisdiction in the State of Indiana.

B. All representations, warranties, covenants and agreements made in this Agreement shall survive throughout the entire Term of the Award; provided, however, notwithstanding anything contained herein to the contrary, provisions of this Agreement which by their nature contemplate rights and obligations of the parties to be enjoyed or performed following the Term of the Award, will survive until their purposes are fulfilled.

C. XADS releases the IEDC from any liability for any act or omission relating to or arising out of the Award, except for the IEDC's breach of any of its obligations hereunder or thereunder. Proceeds of the Award may only be used for the uses set forth in Article I of this Agreement and may not be used to satisfy any other obligation of XADS.

D. No delay on the part of the IEDC in the exercise of any power or right shall operate as a waiver of that power or right. A single or partial exercise of any power does not preclude the further exercise of that power or right or the exercise of any other power or right. All rights and remedies existing under this Agreement shall be cumulative and in addition to those other rights which may be provided by law.

E. This Agreement supersedes all prior negotiations, representations, and agreements of any kind between XADS and the IEDC relating in any manner to the Award. This Agreement constitutes the entire agreement between XADS and the IEDC concerning the Award.

F. This Agreement shall be binding upon, and inure to the benefit of, the IEDC, its successors and assigns. Since the IEDC has entered into this Agreement in reliance upon XADS and its application for the Award, XADS may not assign or transfer its rights and obligations hereunder without the prior written consent of the IEDC.

G. If any provision of this Agreement is determined to be invalid or unenforceable under any law, such provision will be deemed to be severable from the remaining provisions, and waived, and will in no way affect the validity of such remaining provisions.

H. Nothing in this Agreement, whether express or implied, shall be construed to give to any person other than XADS and the IEDC any legal or equitable right, remedy or claim under or in respect of this Agreement which are intended for the sole and exclusive benefit of XADS and the IEDC.

I. All notices and correspondence pursuant to this Agreement shall be delivered to the parties hereto as follows:

To: Xtreme ADS Limited
Attn: [REDACTED]
2701 Enterprise Dr., Suite 216
Anderson, Indiana 46013

To: Indiana Twenty-First Century Research and Technology Fund
c/o Indiana Economic Development Corporation
Attn: General Counsel
One North Capitol Avenue, Suite 700
Indianapolis, Indiana 46204

J. The Recitals and all of the Schedules attached to this Agreement are specifically incorporated by reference into and made a part of this Agreement.

K. This Agreement may not be changed, amended or modified orally. Any change, amendment, or modification must be in writing and signed by the parties hereto, and approved in the same manner as for this Agreement.

L. To the extent feasible and permissible by law, each party hereto agrees that confidential information submitted by the disclosing party to the receiving party shall remain confidential. The receiving party will treat the information as confidential only if: (i) the information is in fact protected confidential information, such as trade secrets or privileged or confidential commercial or financial information; (ii) the information is specifically marked and identified as confidential by the disclosing party; (iii) the information is segregated from other material submitted; and (iv) no disclosure of the information is required by applicable law or judicial order.

M. The Award shall be made in accordance with State fiscal policies and procedures and, as required by Indiana Code § 4-13-2-14.8, by electronic funds transfer to the financial institution designated by XADS in writing unless a specific waiver has been obtained from the Auditor of the State of Indiana, notwithstanding any other law, rule, custom or provision to the contrary. The written authorization must designate a financial institution and an account number to which all payments are to be credited. Payments shall be deemed delivered upon being transmitted pursuant to the written instructions of XADS.

N. The undersigned attests, subject to the penalties for perjury that he/she is the authorized officer or representative of XADS, that he/she has not, nor has any other officer, representative, or employee of XADS, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears on the face hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Agreement, having read and understood the foregoing terms of the Agreement, hereby do, by their respective authorized representatives, agree to the terms thereof.

"XADS"

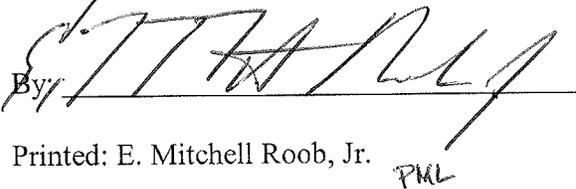
XTREME ADS LIMITED

By: 
Printed: P. R. R. "COPY"
Title: PRESIDENT / CEO
Date: 16 FEB 2010

"IEDC"

INDIANA ECONOMIC DEVELOPMENT CORPORATION

INDIANA TWENTY-FIRST CENTURY RESEARCH AND TECHNOLOGY FUND

By: 
Printed: E. Mitchell Roob, Jr. PML
Title: Secretary of Commerce and CEO
Date: 2-17-10

APPROVED:

STATE BUDGET AGENCY

By: 
Printed: Christopher A. Ruhl
Title: Director
Date: 2/19/10

SCHEDULE A

Principal Investigator Information

Name [REDACTED]
Title President/CEO
Organization Xtreme ADS Limited
Phone [REDACTED]
Fax [REDACTED]
Address 2701 Enterprise Dr., Ste. 216
Anderson, IN 46013
E-Mail [REDACTED]

Project Information

Project Title StunStrike® Counter-Improvised Explosive Device Technology

Abstract XADS seeks to develop, productize, and commercialize a StunStrike®, fully integrated vehicle system, specifically, the "TransXap" with the E-IOD (Electronic Improvised Ordnance Detonator). This product would be a vehicle mounted "system of systems" design. The basis of this technology is high-voltage, and relatively high-amperage electrical discharge. Unlike static, which carries very little "heat" or power, StunStrike® CIED technology packs a more capable punch, allowing the energy to penetrate the ground and connect with any portion of the device to cause early detonation by creating a hot arc inside the blasting cap.

Total Budget \$4,100,000
Funds Requested \$1,000,000
Award Amount \$1,000,000

Date Approved November 5, 2009 by IEDC Board
November, 2009 by State Budget Committee

Reporting Schedule

In addition to the final Technical Report and Financial Report required under Article III.C of the Agreement, XADS shall be required to submit Technical Reports on a quarterly basis on or before every June 1, September 1, December 1 and March 1 during the Term of the Award and Financial Reports on a semi-annual basis on or before every September 1 and March 1 during the Term of the Award.

Disbursement Schedule

Disbursement Date	Disbursement Amount	Enabling Documentation
*Upon Agreement execution	\$1,000,000	Executed Agreement
TOTAL	\$1,000,000	

*Approximate date. Payment will be processed as soon as reasonably practicable after the execution of the Agreement.